



STATE OF MICHIGAN

DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

January 2006

Dear School Based Services Provider:

The Michigan Department of Community Health (MDCH) quarterly bill for January through March 2006 will include a one-time only additional amount due for each ISD's prorated share of the cost for an extension of the Public Consulting Group Fee For Service (FFS) Reimbursement Methodology contract. The contract is pursuant to the mandate from the Centers for Medicare and Medicaid Services (CMS) to establish a new cost-based reimbursement methodology. Details of this project are included in the January 2005 Letter L 05-02. MDCH supported the request and cost amount of this extension upon the joint approval of Michael DeVault, Macomb ISD and the ISD members of the FFS Project Workgroup.

This additional contract amendment is needed to finalize the methodology, provide forms revision assistance, and allow for technical assistance throughout the CMS approval process. The State Plan Amendment is due to CMS by March 31, 2006.

The cost of this 12-month Public Consulting Group (PCG) fee for service contract, of \$57,815, is eligible for 50% federal matching funds. The SBS providers and MDCH will share the net cost on the usual 60/40 basis. The portion that will be billed to the SBS providers will be \$17,344.50, prorated across all SBS providers. The Michigan Department of Management and Budget is processing this contract as an amendment to the existing PCG Administrative Outreach Program contract.

We appreciate the continued cooperation of all our SBS Program partners as we proceed with the development and implementation of the new methodology.

If you have any further questions or concerns, please contact Linda Sowle at 517-241-8398 or by e-mail at sowlel@michigan.gov.

Sincerely,

Paul Reinhart, Director
Medical Services Administration
Michigan Department of Community Health

Michael DeVault
Superintendent
Macomb Intermediate School District